



## DOWNTOWN DEVELOPMENT DISTRICTS (DDD)

### Fall 2017 Funding Round

#### AT A GLANCE: DDD Grant Program

The purpose of this summary is to provide a quick overview of the DDD Grant Program. For more detailed information about the program including program guidelines, links to District websites, maps, applications and forms, please visit DSHA's website at <http://destatehousing.com/DDD>.

#### IMPORTANT DATES

- **September 26, 2017** Fall 2017 DDD Grant Program information posted to the DSHA website
- **December 15, 2017** Large Project Reservation applications due to DSHA by **4:00** p.m.

#### AVAILABLE FUNDING AND AWARD LIMITS

- DSHA has established two funding set-asides for DDD Grant awards, the **Small Project Set-Aside** and the **Large Project Set-Aside**, to ensure a variety of projects have ample access to the DDD funding.
- The Large Project Set-Aside has been further divided into a General Pool and a District Pool to ensure all Districts have reasonable access to the DDD funding. As with the initial round of funding for the first three designated Districts, DSHA has allocated 50% of the Large Project Set-Aside to each of the pools.
- District allocations are based on the populations of each District.

| FUNDING SET-ASIDE          | AVAILABLE    | MQIT <sup>(1)</sup> | MAXIMUM AWARD                                       |
|----------------------------|--------------|---------------------|---|
| SMALL Project Set-Aside *  | \$ 1,000,000 | \$ 15,000           | \$50,000 per building or facility <sup>(2)</sup>    |
| LARGE Project Set-Aside ** | \$ 8,075,000 | \$ 25,000           | \$1,500,000 per building or facility <sup>(3)</sup> |

\*Approximate balance. Applications processed daily.

| **BREAKDOWN OF LARGE PROJECT SET-ASIDE |              |                     |
|--|--------------|---------------------|
| General Pool                           |              | \$ 4,037,500        |
| District Pool                          |              | \$ 4,037,500        |
| <i>Dover</i>                           | \$ 557,175   |                     |
| <i>Seaford</i>                         | \$ 141,313   |                     |
| <i>Wilmington</i>                      | \$ 1,833,025 |                     |
| <i>Georgetown</i>                      | \$ 464,312   |                     |
| <i>Harrington</i>                      | \$ 153,425   |                     |
| <i>Laurel</i>                          | \$ 141,313   |                     |
| <i>Milford</i>                         | \$ 395,675   |                     |
| <i>Smyrna</i>                          | \$ 351,262   |                     |
| <b>TOTAL LARGE PROJECT</b>             |              | <b>\$ 8,075,000</b> |

<sup>(1)</sup> The Minimum Qualified Investment Threshold (MQIT) for Large Projects is the minimum amount of Qualified Real Property Investment (QRPI) required to be made by an Investor to qualify for a Large Project DDD Grant. The MQIT for Large Projects is treated similarly to a deductible and is **not** eligible for a Grant. The MQIT for Small Projects is the required minimum investment *only* and is eligible for a Grant.

<sup>(2)</sup> A building or facility may be eligible for multiple small project grants with approval from DSHA. An investor may be eligible to apply for two small project grants, if DSHA can determine that there are clearly two eligible investments with QRPIs greater than \$15,000 each.

<sup>(3)</sup> DDD Grants are limited to \$1,500,000 per building or facility within a five-consecutive-year period, starting with the year in which a grant is first awarded or reserved. A \$1,500,000 Grant requires a QRPI greater than \$41,000,000.

#### ELIGIBLE APPLICANTS

- Investors that make a QRPI that meets minimum threshold requirements are eligible to apply for a DDD Grant. Eligible applicants include: property owners (occupant or non-occupant), tenants, for-profit developers, nonprofit organizations, businesses, and homeowners.

**Please note:** When applying as a tenant or an owner of space within a building, supplemental forms verifying coordination with the owner of the property, other tenants and/or other owners are required.

- Federal, state and local governments are **not** eligible for a DDD Grant Award.

## **MINIMUM THRESHOLD REQUIREMENTS**

- The QRPI must be made within the boundary of a designated DDD.
- The QRPI must be made **after** the date the real property is officially incorporated within the boundary of a designated District.
- The QRPI must be made in conformance with the approved District plan.
- The QRPI must be in **excess** of the required MQIT. For Large Projects the MQIT is treated similar to a deductible and is **not** eligible for a grant.
- The Investor must meet site control requirements (e.g. legal title, sales agreement\* or owner's consent).  
*\*Must be a valid sales agreement and signed by all parties with a planned settlement date within 120 days of the DDD application deadline date.*

## **ELIGIBLE EXPENSES**

- Capital investments **necessary** for the **rehabilitation, expansion, or new construction** of commercial, industrial, residential (including multi-family), or mixed-use buildings or facilities located within the boundary of a District.
- Only expenses that are properly chargeable to a capital account and incurred **after** the date the real property is officially incorporated within the boundary of a designated District are eligible for grant consideration.
- Eligible costs are generally referred to as "hard costs" and are associated with the building structure. This includes labor and materials required to construct the building envelope and the building interior.
- Depending on building use, some projects may be required to include accessibility improvements. Please contact your local municipality's inspection and planning department for accessibility requirements.
- The State's Division of Revenue requires all contractors working in Delaware to be licensed in Delaware. In the event that work is performed by someone other than a DE licensed third-party contractor, **only** materials up to \$500 may be considered eligible if the work performed is a qualified expenditure.
- Cash transactions are **highly discouraged** and require documentation, as requested by DSHA. Reimbursement of such transactions will be determined solely by DSHA.

## **INELIGIBLE ACTIVITIES AND EXPENSES**

- 'Adult Entertainment Establishments' as defined in *24 Del. C. 16*, check cashing facilities, gambling facilities, liquor stores \*, pawn or gun shops, tanning salons, tattoo parlors, vape shops, tobacco-only retailers or recreation-only marijuana retailers.  
*\* DSHA has elected to consider, as eligible, businesses that sell alcohol, as long as food is also sold and alcohol is available for purchase by the glass, as well as by the bottle. Businesses where alcohol is manufactured on premises are eligible under the industrial qualification.*
- Federal, state and local government owned buildings or operated businesses, including but not limited to, the following:
  - Libraries, post offices, public safety services such as police
- General maintenance type repairs and service calls.
- Costs generally referred to as "soft costs".
- Costs associated with the operation of a business located in the building.
- Costs generally chargeable to furniture, fixtures and equipment.

**Please refer to the  
DDD Program  
Guidelines for  
detailed information  
regarding eligible and  
ineligible expenses.**

## **SMALL PROJECT SET-ASIDE**

- The Small Project Set-Aside is for program eligible Investors that make a QRPI of \$15,000 to \$250,000. Investors that make a QRPI above this limit may also apply; however, the award will be based on a capped QRPI of \$250,000 with a maximum Grant of \$50,000.
- Investors that make a \$15,000 or greater QRPI are eligible for a Grant in an amount equivalent to 20% of the QRPI up to \$50,000 per building or facility.
- DSHA will accept applications for Small Projects throughout the year, *as long as funding is available.*

- Investors have the option to apply for a Lite-Reservation **or** wait to apply for a Grant after the project is fully completed and placed in service. The Lite-Reservation provides the Investor assurance that funding will be available upon completion of the project.
- If applying at project completion, Investors must apply within **60** days from the placed-in-service date. The placed-in-service date is the date in which the **final** approved Certificate of Occupancy or Building Inspection is issued for work done to the respective building or facility, as required by local jurisdiction.

### **LARGE PROJECT SET-ASIDE**

- The Large Project Set-Aside is for program eligible Investors that make a QRPI in excess of the MQIT that **exceed** \$250,000 (\$275,000 minus \$25,000 MQIT).
- Investors are entitled to a DDD Grant in an amount equivalent to 20% of the QRPI in excess of the MQIT (\$25,000) up to \$500,000 per building or facility. Grants in excess of \$500,000 will be calculated at a lower rate up to an additional \$1,000,000 for a maximum allowed Grant of \$1,500,000.
- Large Project Investors **must** apply for a Reservation in order to be considered for a DDD Grant. DSHA accepts applications for Large Projects once per fiscal year; however, if funding permits DSHA may offer additional application rounds.
- In the event DSHA receives Reservation requests that **exceed** the amount of available funding, applications that address established priorities will receive special consideration.
  - Identified in District Plan as Priority Project
  - Readiness to Proceed
  - Creates Permanent Jobs
  - Creates or Sustains Mixed-Use Development
  - Expands Housing Opportunities
  - Protects Historic Resources
  - Adaptively Reuses Existing Structures
  - Promotes Sustainable Practices
- Large Projects that have completed **more than 35%** of the estimated QRPI **prior** to the date the real property location is officially incorporated within the boundary of a designated District are **not** eligible for grant consideration.
- Large Projects that will place in service within **60 days** of application deadline are **not** eligible for consideration.
- Large Projects **must** be 15% substantially commenced within 12 months and completed within three (3) years from the date of Reservation.
- An Attestation of Costs by a Certified Public Accountant (CPA) is required for all Large Projects. Costs associated with the Attestation are **not** eligible for a DDD Grant.

### **DISBURSEMENT OF GRANT AWARDS FOR SMALL AND LARGE PROJECTS**

- Awards will be disbursed upon successful completion of the project and the following:
  - Receipt of Disbursement Request within **60** days from completion and being “placed in service”.
  - Receipt of all required support documentation, including the CPA’s Attestation of Costs, if required.
  - DSHA Compliance Review and Property Inspection.

### **ADDITIONAL INVESTOR INCENTIVES**

- DSHA’s Strategic Opportunity Fund for Adaptation (SOFA) Grant from Delaware Department of Natural Resources and Environmental Control (DNREC) to assist DDD Investors with fees associated with energy/sustainability certifications. *(Please refer to the next page for more detailed information.)*
- Additional incentives managed by the State, Kent and Sussex Counties, Districts and others may be found at <http://www.stateplanning.delaware.gov/ddd/incentives/incentives.shtml>.

If you are interested in applying or have questions regarding the **DDD Grant Program**, please contact:

**Penny Pierson**, DDD Program Manager  
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**DELAWARE STATE HOUSING AUTHORITY (DSHA)**  
**Fall 2017 Funding Round -Promoting Sustainable Practices**  
**Strategic Opportunity Funds for Adaptation (SOFA) Grant**

The SOFA grant is available only to applicants receiving DDD grant funds.

Sustainable Practices are practices essential for the future of environmental protection or that positively benefit the environment of a community. The DDD Grant program seeks to promote sustainable practices by incentivizing projects that achieve high energy-efficiency; reduce the carbon footprint of the community; or, protect the many residents who are unable to pay high bills associated with keeping homes comfortable and safe during extreme weather. Sustainable Practices are encouraged as follows:

- When Reservation applications for Large Projects **exceed** the funding allocated, then Reservation requests that address one or more Priority Considerations, including Promotes Sustainable Practices, will receive points according to the scoring guidelines outlined in Appendix C.
- DSHA received a Strategic Opportunity Funds for Adaptation (SOFA) grant to pay for third-party costs associated with achieving the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Silver certification. *These costs are not eligible expenses under the DDD grant and will not "double-dip" DDD grant funds.* This grant is capped at **\$30,000 per building or facility** regardless of documented third-party costs.

**Process for applicants pursuing LEED Silver certification**

- Submitted with Reservation application:
  - A completed and signed LEED Letter of Intent
  - A copy of the developer's contract with a LEED Accredited Professional (or LEED consultant)
  - A copy of LEED Accredited Professional certificate or list of experience
- Reservation Award Letter will include requirement to submit following within 60 days:
  - A copy of the LEED scorecard
  - A copy of the online Design Review printout
  - Contact information for USGBC LEED contact who will review project and approve certification
- During DDD Project Construction
  - Review applicant's LEEDOnline.com documentation showing the progress on the LEED requirements every 6 months
- Building is Complete and Certified
  - Applicant submits copy of their GCBI LEED Silver certification and the \$30,000 is disbursed.

Applicants can submit documentation of third-party costs along the design, development, and certification process. However, DSHA will not disburse SOFA funds until project is completed, LEED Silver certification obtained, and documentation of third-party expenses is submitted to DSHA.

If you are interested in applying or have questions regarding the **SOFA Grant Program**, please contact:

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